

Message Text

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SUBJ: EXECUTIVE TRADE MISSION: HUNGARIAN INDUSTRIES

REF: STATE 41321

USDOC FOR BEWT (TREICHEL)

THIS IS A CONTINUATION OF BUDAPEST 612 AND 619.

5. CHEMICALS AND OIL PROCESSING: THE CHEMICAL INDUSTRY AS A WHOLE WILL BE THE RECIPIENT OF 10.3 BILLION DOLLARS WORTH OF INVESTMENT IN 1974, A RISE OF 1.1 BILLION OVER THE 1973 TOTAL. IN 1972 THE INDUSTRY EMPLOYED 104,000 WORKERS OR 6.6 PER CENT OF THE TOTAL WORK FORCE IN SOCIALIST INDUSTRY. CHEMICAL PRODUCTION IN 1972 ACCOUNTED FOR 11.5 PER CENT OF THE TOTAL PRODUCTION OF SOCIALIST INDUSTRY. THE CHEMICAL INDUSTRY IS ONE OF HUNGARY'S FASTEST GROWING, WITH A PRESENT ANNUAL GROWTH RATE OF 11 PER CENT. MAJOR INDIVIDUAL PROJECTS:

(A) BORSOD CHEMICAL COMBINE PVC FACTORY --TEN BILLION FORINTS HAVE BEEN APPROPRIATED FOR THIS FACTORY TO BE SET UP AT KAZINCBARCIKA WHICH WILL HAVE CAPACITY TO PRODUCE 150,000 TONS OF PVC A YEAR. TOTAL VALUE OF IMPORTS FOR THIS PROJECT WILL BE 60 MILLION DOLLARS. THE AMERICAN BADGER COMPANY'S U.K.-BASED SUBSIDIARY HAS CONTRACTED TO SUPPLY A 7 MILLION DOLLAR, 160,000 TON CAPACITY VINYL CHLORIDE MONOMER PLANT IN CONNECTION WITH THIS PROJECT.

(B) OLEFIN PLANT OF TISZA CHEMICAL COMBINE LENINVAROS -- THIS PROJECT WILL BE A 5 BILLION FORINT INVESTMENT.

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FACILITY WHEN COMPLETED WILL PRODUCE 250,000 TONS OF

ETHYLENE, 125,000 TONS OF PROPYLENE, 200,000 TONS OF HIGH OCTANE GASOLINE, AND 80,000 TONS OF CRUDE RUBBER. THE HUNGARIANS HAVE PURCHASED 37 MILLION DOLLARS WORTH OF MACHINES, INSTALLATIONS, AND TECHNOLOGY FROM THE WEST GERMAN LINDE CORPORATION IN CONNECTION WITH THIS PROJECT.

(C) PET NITROGEN WORKS -- THIS 9 BILLION FORINT INVESTMENT PROJECT WILL BEGIN PILOT OPERATIONS IN LATTER HALF OF 1974.

AMONG OTHER THINGS IT WILL PRODUCE 500-600,000 TONS OF COMPOSITE SYNTHETIC FERTILIZERS EARLY BEGINNING 1975.

STATISTICS ON HUNGARIAN CHEMICAL PRODUCTION:

	1965	1970	1972
OXYGEN, TECHNICAL,			
1,000 CU.M.	135,190	292,978	274,263
AMMONIA, TONS	210,390	539,411	538,889
NITRIC ACID, 100 PER CENTN TONS	352,890	652,566	690,510
SUPHURIC ACID, TECHNICAL/			
TONS	377,518	457,390	566,482
MURIATIC ACID, TECHNICAL,			
TONS	39,482	55,974	55,712
CAUSTIC SODA, 97.5 PER CENT			
TONS	49,995	68,942	81,814

CALCIUM CARBIDE 3/., 59, 14,838 19,092 13,229

FORMALDEHYDE, 40 PER CENT, TONS 7,584 5,823 6,500

OIL PROCESSING: THE NATIONAL OIL AND GAS INDUSTRY TRUST WHICH CONTROLS ALL OF THE COUNTRY'S OIL AND GAS PRODUCTION AND PROCESSING WILL INVEST A TOTAL OF 27 BILLION FORINTS DURING THE COURSE OF THE CURRENT 5- YEAR PLAN FOR REFINERY CONSTRUCTION AND EXPANSION, OIL AND GAS PIPELINE CONSTRUCTION, OIL AND GAS EXPLORATION, AND RESEARCH. ONE OF THE MAJOR INVESTMENT PROJECTS HAS BEEN THE EXPANSION OF HUNGARY'S LARGEST CRUDE OIL REFINERY AT SZAZHALOMBATTA FROM 1971 PRODUCTION CAPACITY OF 3.5 MILLION TONS A YEAR TO 9 MILLION TONS IN 1976 (AT PRESENT THIS REFINERY'S CAPACITY IS 6.5MILLION TONS). DURING THE FIFTH 5-YEAR PLAN (1976-80) "MUCH MORE" MONEY IS EXPECTED TO GO FOR OIL INVESTMENT PROJECTS. AMONG THESE INVESTMENTS WILL BE A COMPLETION OF DESIGNATED ESTABLISHMENTS IN THE SZEGED OIL FIELDS, THE CONSTRUCTION OF A 3 MILLION TON CAPACITY SECTION OF THE TISZA OIL REFINERY, THE BEGINNING OF A SECOND 3 MILLION TON CAPACITY UNIT AT THE SAME REFINERY,

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AND A DOUBLING OF APPROPRIATIONS FOR HYDROCARBON RESEARCH. INVESTMENTS BY THE OIL AND GAS TRUST'S ENTERPRISES IN 1974 WILL BE 6 BILLION FORINTS.

HUNGARIAN OIL REFINING STATISTICS:

	1965	1970	1972
PETROL, 1,000 TONS	427	990	1,214
OF WHICH:			
MOTOR SPIRIT, 1,000 TONS			887

WHITE SPIRIT, 1,000 TONS	17	18	21
GAS OIL 1/, 1,000 TONS	1,045	1,948	2,462
FUEL OIL, 1,000 TONS	1,725	2,276	2,784

CRUDE OIL PRODUCTION AND IMPORTS: IN 1973 HUNGARIAN DOMESTIC PRODUCTION OF OIL WAS 1,989,000 TONS, A 1 PER CENT INCREASE OVER THE PREVIOUS YEAR. CRUDE OIL IMPORTS JUMPED 10 PER CENT TO 6.5 MILLION TONS. THERE APPEARS TO BE LITTLE PROSPECT FOR RAISING DOMESTIC PRODUCTION SIGNIFICANTLY IN THE YEARS TO COME AND IMPORTS WILL INCREASE AT THE RATE OF ABOUT 10 PER CENT A YEAR TO MEET DOMESTIC DEMAND. WHILE IN THE PAST THE SOVIET UNION COVERED THE MAJORITY OF HUNGARY'S IMPORT REQUIREMENTS (1973 IMPORTS FROM THE SOVIET UNION WERE APPROXIMATELY 5.5 MILLION TONS), THE HUNGARIANS HAVE BEEN FORCED TO GO TO THE WORLD MARKET TO SATISFY THEIR GROWING APPETITE FOR OIL. WHILE NO PRECISE STATISTICS FOR THESE IMPORTS ARE AVAILABLE, IT APPEARS THAT BETWEEN 1.2 AND 1.4 MILLION TONS WERE IMPORTED FROM THE MIDDLE EAST LAST YEAR AND THIS FIGURE WILL GRADUALLY INCREASE TO 4 MILLION TONS BY 1980. IMPORTS OF HEATING OIL HAVE CONSTITUTED ONLY SIGNIFICANT PURCHASES OF REFINED OIL; HUNGARIANS IMPORTED 121,000 TONS IN 1973. PRINCIPAL EXPORT ITEMS ARE GASOLINE AND HEATING OIL OF WHICH 253,000 TONS AND 217,000 TONS, RESPECTIVELY, WERE DELIVERED ABROAD LAST YEAR.

6. CONSTRUCTION INDUSTRY: A REPORT ON THE HUNGARIAN CONSTRUCTION INDUSTRY WAS CONTAINED IN BUDAPEST'S DESK STUDY ENTITLED "HUNGARY AS MARKET FOR BUILDING AND MAINTENANCE EQUIPMENT". THIS STUDY WAS SUBMITTED UNDER COVER OF BUDAPEST 3901 OF MARCH 12, 1973. FOR INFORMATION ON CONSTRUCTION INDUSTRY, REQUEST THIS STUDY BE CONSULTED.

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